

**FY2010 1Q Financial Results
ended June 30, 2010**

**Tokyo Gas Co., Ltd.
July 29, 2010**

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FY2010 1Q

Consolidated Financial Results

Today I would like to report on our results for the first quarter of fiscal 2010.

Financial Highlights: FY2010 1Q Results

Sales increased but profit decreased (from FY2009 1Q)

- Gas Sales Volume: (+) Industrial demand grew on commencement of Ohgishima Power Station and economic recovery, residential demand for hot water rose on cool April-May
- Net sales: (+) Gas sales grew on increased volume, electricity sales grew with Ohgishima Power Station commencement
- Operating income: (-) due to increased gas resource costs from high crude oil prices despite lower costs from actuarial differences in retirement benefit accounting

(100 million yen)

	FY10 1Q	FY09 1Q	Change	%
Gas sales volume (mil. m ³ , 45MJ)	3,547	3,082	+465	+15.1
Net sales	3,664	3,424	+240	+7.0
Operating expenses	3,248	2,922	+326	+11.2
Operating income	415	502	-87	-17.2
Ordinary income	414	523	-109	-20.8
Net income	252	332	-80	-24.1

Sliding time lag effect(*)	-120	+232	-352	-
Amortization of actuarial differences(*)	+49	-80	+129	-

(*)non-consolidated basis

Economic conditions	Crude oil (\$/bbl)	Ex. Rate (¥/\$)	Avg. temperature
FY10 1Q	81.30	92.01	18.3°C
FY09 1Q	52.57	97.36	19.4°C

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Page three shows the highlights of our first-quarter results.

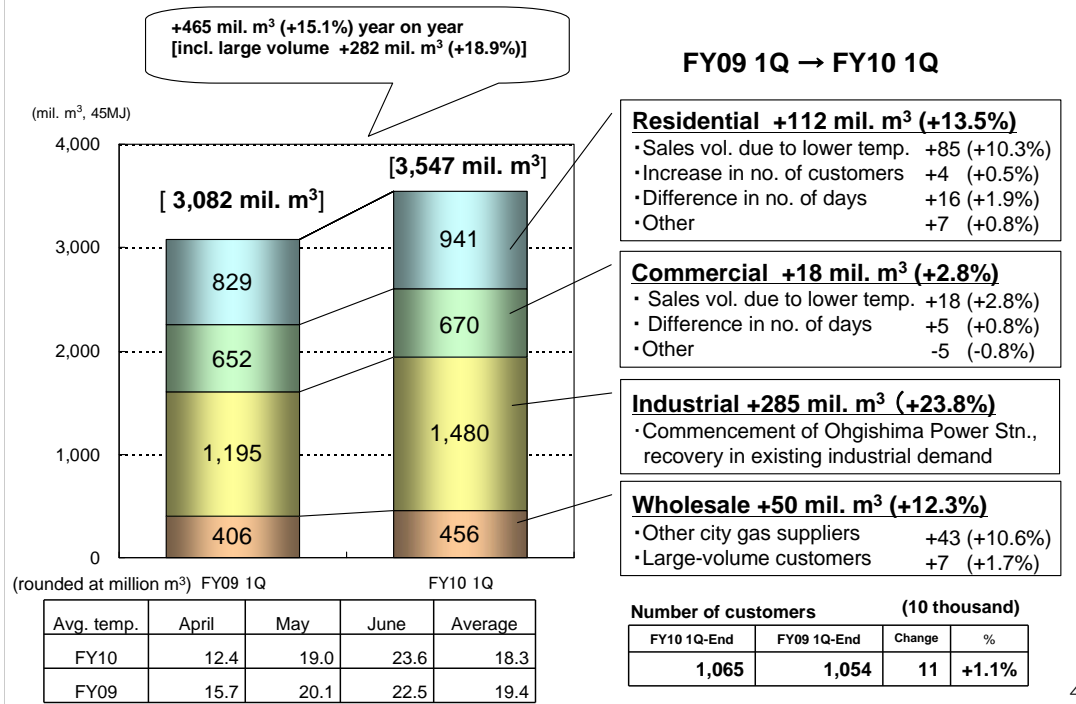
For the first quarter, we recorded year-on-year sales growth with a decline in profit.

Gas sales volume grew 15.1%, to 3,547 million m³, as a result of the commencement of operations at Ohgishima Power Station, growth in industrial demand from the economic recovery, and an increase in residential demand for hot water because of lower temperatures in April and May.

Net sales rose 7.0%, to ¥366.4 billion, on this increase in gas sales volume and an increase in sales of electricity from the start of operations at Ohgishima Power Station.

On the other hand, operating income declined 17.2% to ¥41.5 billion. Although costs associated with actuarial differences in retirement benefit accounting were lower, this was more than offset by an increase in gas resource costs caused by higher crude oil prices. Ordinary income declined 20.8%, to ¥41.4 billion, and net income declined 24.1%, to ¥25.2 billion.

City Gas Sales Volume



Page four shows gas sales volume, which grew 15.1% year-on-year to 3,547 million m³.

This broke down as a 13.5% increase, to 941 million m³, for the residential sector, mostly because of increased residential demand for hot water due to lower temperatures in April and May.

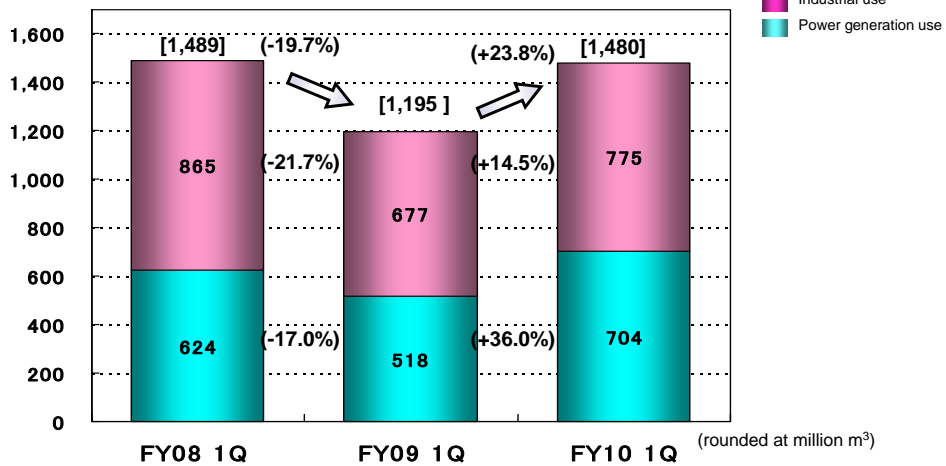
The commercial sector also showed higher demand for hot water because of lower temperatures, and gas sales volume grew 2.8%, to 670 million m³. The industrial sector, which is explained in more detail in the next page, recorded a 23.8% increase, to 1,480 million m³.

The wholesale sector recorded 12.3% growth, to 456 million m³, on increased sales volume to other city gas supplies.

Topics: Industrial Gas Sales Volume Trends

- Growth in power generation use sales with commencement of Ohgishima Power Station (Unit 1 in March 2010)
- Although industrial use sales grew on increased utilization of existing demand, did not recover to peak level (FY2008 1Q)

(mil. m³, 45MJ) [Industrial gas sales volume—quarterly change]



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The next page shows the breakdown of gas sales volume for the industrial sector.

With the commencement of operations at Ohgishima Power Station Unit 1, sales to power plants and IPPs for power generation use grew 36.0%, to 704 million m³.

Gas sales volume for industrial use (excluding power generation) rose 14.5%, to 775 million m³. Nevertheless, this was still below the peak level recorded in the first quarter of fiscal 2008.

FY2010 1Q Results by Business Segment

(100 million yen)

	Net sales				Segment income (loss)			
	FY2010 1Q	FY2009 1Q	Change	(%)	FY2010 1Q	FY2009 1Q	Change	(%)
City gas	2,817	2,642	+175	+6.6	454	586	-132	-22.5
Appliances and Installation work	340	330	+10	+2.9	5	-4	+9	-
Other energy	489	372	+117	+31.5	7	17	-10	-55.2
(incl. electronic power)	127	67	+60	+90.9	-1	1	-2	-190.6
Real estate rental	82	82	0	-0.7	21	21	0	+1.2
Others	359	316	+43	+13.5	18	6	+12	+212.3
Other than city gas	1,270	1,101	+69	+15.3	53	39	+14	+34.1
Adjustments	-423	-319	-	-	-92	-123	-	-
Consolidated	3,664	3,424	+240	+7.0	415	502	-87	-17.2

Notes

1. The Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information has been applied from the first quarter under review. Accordingly, business segments have been reclassified.
2. Net sales by business segment include internal transactions. Operating income does not include operating expenses that cannot be allocated.
3. For reference, 1st Quarter, FY2009 figures are recalculated using new segments.

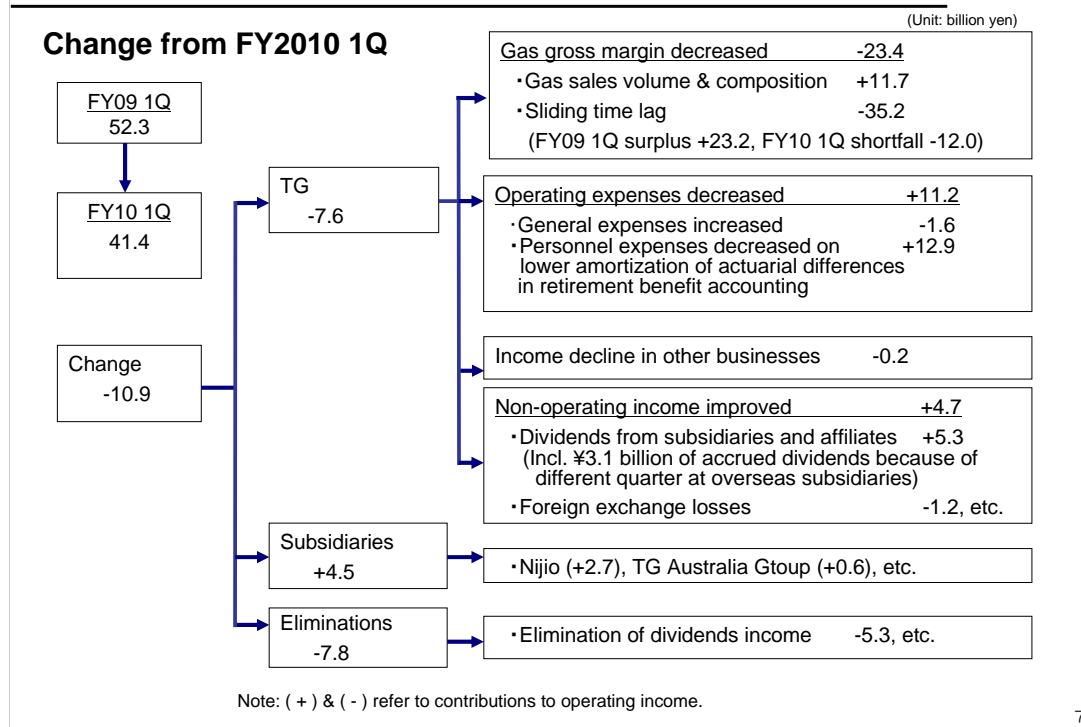
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Page six shows our results by business segment. According to the changes in accounting standard, we have reclassified the business segments from this fiscal year. The same reclassification has been applied for 1st quarter of fiscal 2009 figures for analysis convenience.

As I mentioned, sales grew but profit declined at the “city gas segment”, due to growth derived from increased gas sales volume owing to lower temperature in spring.

At other segments excluding city gas, the “other energy segment” recorded ¥11.7 billion net sales growth, to ¥48.9 billion. This included a ¥6.0 billion increase in electricity sales from the full start of operations at Ohgishima Power Station. In terms of profit, however, the sliding time lag in passing on fuel costs had a negative impact of ¥1.0 billion, which included ¥0.2 billion from electricity.

FY2010 1Q Ordinary Income Analysis



Moving on to ordinary income for the first quarter, the next page analyzes the factors behind the year-on-year change.

Although gas sales volume grew on a non-consolidated basis at Tokyo Gas alone, the slide difference had a major negative impact of ¥35.2 billion, and this led to a ¥23.4 billion decline in the gas gross margin.

As a result, despite a ¥12.9 billion reduction in personnel expenses on lower pension fund actuarial differences, an ¥11.2 billion reduction in operating expenses other than gas resource costs, and an improvement in the non-operating income, ordinary income declined ¥7.6 billion.

Consolidated subsidiaries showed a ¥4.5 billion improvement in ordinary income, mostly from increased gas sales at Nijio associated with the start of operations at Ohgishima Power Station, but after eliminations in consolidation, consolidated ordinary income declined ¥10.9 billion.

FY2010 Projection

Finally, I would like to explain our earnings projection for the full fiscal year.

Projection for FY2010

Unchanged from initial plan (announced April 28)

(100 million yen)

	Projection for FY10	FY09	Change	%	Ref. Projection for 1 st half of FY10
Net sales	15,510	14,157	+1,353	+9.6	6,880
Operating expenses	14,430	13,304	+1,126	+8.5	6,550
Operating income	1,080	852	+228	+26.7	330
Ordinary income	1,020	835	+185	+22.1	310
Net income	650	537	+113	+20.9	190
ROA	3.5%	3.0%	-	-	-
ROE	7.9%	6.8%	-	-	-
Sliding time lag effect(*)	-247	+57	-304	-	-
Amortization of actuarial differences(*)	+198	-320	+518	-	-

(*)non-consolidated basis

Full-year economic conditions

	Crude oil (\$/bbl)	Ex. Rate (¥/\$)
FY10	80.00	95.00
FY09	69.40	92.89

Impact of JCC & Ex.rate fluctuation to gross margin in fiscal year

1\$/bbl	2Q	3Q	4Q	Fiscal
Gross margin	2	7	0	9

Note: The table above shows the impact of 1\$/bbl JCC fall in each quarter on gross margin of FY2010.

1¥/\$	2Q	3Q	4Q	Fiscal
Gross margin	-2	0	9	7

Note: The table above shows the impact of 1 JPY ex.rate rise to US\$ in each quarter on gross margin of FY2010.

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As I previously noted, lower temperatures in the early spring led to greater-than-projected growth in residential gas sales volume, but on the other hand the current heat wave could have the effect of roughly offsetting that growth in residential gas sales volume in July and August. As for the current exchange rate, the yen has appreciated higher than our original projection. However, since the circumstances are variable, and we are leaving our initial plans for both the first half and second half unchanged. Sensitivities of crude oil price and exchange rate fluctuations for the full year gross margin are shown on the bottom right of this page.

This concludes my presentation, thank you.

Reference

Results

<Consolidated>

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<Non-consolidated>

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Results

<Consolidated> Financial Results (Changes from FY09 1Q)

Unit: 100mil.JPY (rounded down to nearest 100mil.yen)

	FY10 1Q	FY09 1Q	Change		Reason
Net sales	3,664	3,424	240	7.0%	City gas sales +175
Operating income	415	502	-87	-17.2%	City gas margin -132
Ordinary income	414	523	-109	-20.8%	Non-operating income/loss -22 (Loss on interest swap (FY10 1Q: -15; FY09 1Q: 0), other)
Net income	252	332	-80	-24.1%	

Total assets	18,115	18,409	-294	-1.6%	Current assets -366 (Notes and accounts receivable-trade -238), Investment and other assets -232, Noncurrent assets +305 (Ohgishima Power newly consolidated +357)
Shareholders' equity	8,082	8,138	-56	-0.7%	Net income +252, Cash dividends paid -134, Cancellation of treasury stock -79, Valuation difference on stock -67
Shareholders' equity ratio (%)	44.6%	44.2%	0.4	-	Margin of decline in shareholders' equity (-0.7%; measured as the total of shareholders' equity and valuation and translation adjustments) was less than that in net assets (-1.6%), and as a result the equity ratio rose 0.4 percentage points to 44.6%
Total assets turnover (times)	0.20	0.20	-	-	
Interest-bearing debt	6,500	5,559	941	16.9%	Tokyo Gas +933, Ohgishima Power +82 (newly consolidated), Tokyo Gas Urban Development Co., Ltd. -90
Net income	252	332	-80	-24.1%	
Depreciation and amortization (*2-3)	352	347	5	1.2%	Ohgishima Power +13 (newly consolidated), Tokyo LNG Tanker Co., Ltd. -8
Operating cash flow (*1)	604	680	-76	-11.1%	
Capex (*2)	296	296	-	-0.1%	Ohgishima Power +65, Tokyo LNG Tanker Co., Ltd. -45, TG Pluto -18
EPS (¥/Share)	9.41	12.25	-2.84	-23.2%	Decreased in accordance with the decline in net income (-80)
BPS (¥/Share)	301.67	301.58	0.09	0.0%	

*Scope of consolidation (FY10 1Q: 67 (Tokyo Gas + 62 subsidiaries + 4 affiliated companies accounted for by the equity-method); 65 in FY09 1Q (Tokyo Gas + 60 subsidiaries + 4 affiliated companies accounted for by the equity-method)

Figures in FY09 1Q show those for the corresponding period of the previous year (P/L items) or those as of the end of March, 2010 (B/S items)

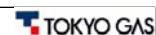
(*1) Operating Cash Flow = Net Income + Depreciation and amortization:

(application of simplified accounting treatment; no application of the amount on Consolidated Statements of Cash Flows)

(*2) Capex and Depreciation: after internal transactions

(*3) Depreciation and amortization includes long-term prepaid expenses

<Non-Consolidated>
 Financial Results 1 (Changes from FY09 1Q)/
 Breakdown of General Expenses



100mil. JPY				Impact of sliding system time lag				Economic frame				
	FY10 1Q	FY09 1Q	Change		FY10 1Q	FY09 1Q	Change		FY10 1Q	FY09 1Q	Change	
Net Sales	3,177	2,987	190	6.4%	Revenue from sliding system	-113	17	-130	JCC	82.01	52.57	29.44
Operating income	339	462	-123	-26.7%	Increase in gas cost	7	-216	-223	Exrate	92.01	97.36	-5.35
Ordinary income	407	483	-76	-15.9%	Change	-120	232	-352				
Net income	302	315	-13	-4.1%	Change from basic price							

100mil. JPY					
	FY10 1Q	FY09 1Q	Change		
Gas sales	2,669	2,564	105	4.1%	Volume, Composition +242, Unit price -137
Raw materials and supplies	1,373	1,034	339	32.7%	Volume, Composition +125, Unit price +214
(Gross margin)	(1,296)	(1,530)	(-234)	(-15.3%)	Volume, Composition +117, Unit price -351
Personnel expenses	190	320	-130	-40.4%	Retirement benefits -133 (actuarial differences -129), other
General expenses	539	523	16	3.1%	Please see below
Depreciation & amortization	256	254	2	0.8%	
LNG regasification	-8	-8	0	-	
Total	2,351	2,124	227	10.7%	
Installation work	-4	-6	2	-	Decrease in fixed and overhead costs, other +1
Gas appliances	24	17	7	43.5%	
Other operation income	20	11	9	79.8%	
Supplementary business income	0	11	-11	-98.8%	LNG sales -4, Electric power sales -4
Operating income	339	462	-123	-26.7%	
Non operating income	68	21	47	221.4%	Increase in dividends from subsidiaries and affiliates +53
Ordinary income	407	483	-76	-15.9%	
Extraordinary income	36	0	36	-	Extraordinary income from merger of TG Enterprises +36
Extraordinary loss	0	0	0	-	
Taxes	140	168	-28	-16.4%	
Net income	302	315	-13	-4.1%	

Breakdown of general expenses					
	FY10 1Q	FY09 1Q	Change		
Repair costs	75	73	2	3.3%	Costs of building repairment +1
Expendable costs	33	32	1	3.0%	Increase in no. of gas meter +1, other
Rent	50	49	1	1.0%	Increase in rent for company housing +1, other
Consignment costs	150	147	3	1.8%	Increase in consignment fee: LIFEVAL +1 and sales +1, other
Taxes	103	103	0	0.2%	
Marketing costs	48	39	9	24.4%	Increase in advertisement of ENE FARM +4, strengthening of marketing for existing residential gas customers +3, and promotion of replacement of safety equipments +1, other
Others	80	80	0	-0.1%	

<Non-Consolidated> Financial Results 2 (Changes from FY09 1Q)

Number of Customers		thousands	
	FY10 1Q	FY09 1Q	Change
Number of Customers	10,354	10,274	80 0.8%
Number of New Customers	35	38	-3 -7.7%

Breakdown of gas sales volume		mil. m ³		Change	
	FY10 1Q	FY09 1Q			
Residential vol. per meter (m3)	103.8	92.0	11.8	12.8%	Temp. effect +9.7m3 (+10.5%), No. of days +1.7m3 (+1.9%), Others +0.4m3 (+0.4%)
Residential	911	804	107	13.4%	Temp. effect +85mil.m3 (+10.5%), No. of days +16mil.m3 (+1.9%), No. of customers +4mil.m3 (+0.5%), Others +3mil.m3 (+0.4%)
Industrial	Commercial	431	431	0	0.0%
	Public & Medical	204	191	13	6.8%
Commercial Total	635	622	13	2.1%	Temp. effect +18mil.m3 (+2.9%), Others -5mil.m3 (-0.8%)
Commercial	Power Gen.	489	458	31	6.9%
	Other	732	643	89	13.8%
Industrial Total	1,221	1,101	120	10.9%	
Total	1,855	1,723	132	7.7%	
Wholesale	510	457	53	11.7%	Temp. effect +12mil.m3 (+2.7%), Increase in existing customer volume of other gas companies +41mil.m3 (+9.0%)
Total	3,277	2,983	294	9.8%	Temp. effect +115mil.m3 (+3.8%), Power gen. +31mil.m3 (+1.0%), Industrial (excluding Power gen.) +89mil.m3 (+3.0%)
Large-volume gas demand	1,501	1,377	124	9.0%	Wholesale(excluding Temp. effect) +41mil.m3 (+1.4%), Others +18mil.m3 (+0.6%)

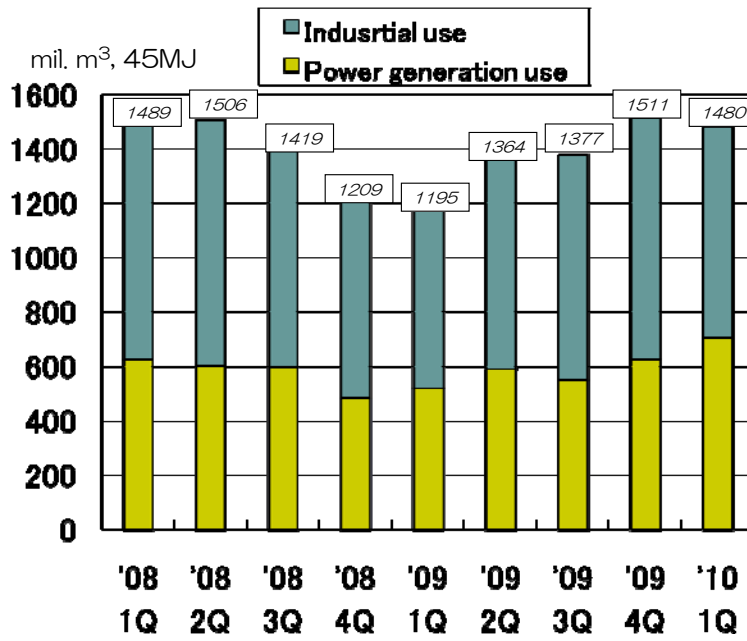
<Non-consolidated>

Industrial Use Gas Sales Volume by Industry

	Unit: 1 mil. M3	FY10 1Q (A)	FY09 1Q(B)	Change (A)-(B)	(%)	FY08 1Q (C)	Change (A)-(C)	(%)
Industrial use	Food	122	130	-8	-6.2%	140	-18	-13.4%
	Textile	10	8	2	17.7%	9	1	4.3%
	Paper & Pulp	51	51	0	-1.2%	63	-12	-18.9%
	Chemicals	167	154	13	8.5%	182	-15	-8.6%
	Ceramics	43	36	7	20.5%	42	1	2.9%
	Steel	111	67	44	66.1%	147	-36	-24.7%
	Non-ferrous Metal	41	33	8	23.3%	38	3	6.9%
	Machinery	100	89	11	11.8%	116	-16	-13.5%
	Others	88	75	13	16.5%	94	-6	-6.9%
	Sub-total	732	643	89	13.8%	831	-100	-12.0%
Power generation	489	458	31	6.9%	590	-101	-17.0%	
Total	1221	1101	120	10.9%	1422	-201	-14.1%	

Note: Some additions may conflict due to the round off.

<Consolidated>
 Quarterly Trend in Industrial Use Gas Sales Volume



Projections

<Non-consolidated> Oil Price and Currency Projections, Temperature and Their Impacts on Gross Margin

100 mil. JPY

Assumed value of JCC & Ex.rate

	FY10 Projections as of Jul., 29			
	1st Half	2nd Half	Fiscal	
JCC	80.00	80.00	80.00	\$/bbl
Ex.rate	95.00	95.00	95.00	¥/\$
	FY10 Projections as of Apr., 28			
	1st Half	2nd Half	Fiscal	
JCC	80.00	80.00	80.00	\$/bbl
Ex.rate	95.00	95.00	95.00	¥/\$
Change				
	1st Half	2nd Half	Fiscal	
JCC	0.00	0.00	0.00	\$/bbl
Ex.rate	0.00	0.00	0.00	¥/\$

Impact of JCC & Ex.rate fluctuation to gross margin in fiscal year

	1\$/bbl	2Q	3Q	4Q	Fiscal
Net Sales		-13	-5	-2	-20
Gas resource cost		-15	-12	-2	-29
Gross margin		2	7	0	9

Note: The table above shows the impact of 1\$/bbl JCC fall in each quarter on gross margin for the full year

	1¥/\$	2Q	3Q	4Q	Fiscal
Net Sales		-16	-14	-4	-34
Gas resource cost		-14	-14	-13	-41
Gross margin		-2	0	9	7

Note: The table above shows the impact of 1JPY ex.rate to US\$ in each quarter on gross margin for the full year

Impact of 1°C increase in temperature on gas sales volume

	Summer	Winter	Mid	Fiscal
Months	6-9	12-3	4,5,10,11	-
Change (%)	0.0	-2.2	-1.7	-1.4

<Non-consolidated>

Financial Projections (FY10 2Q/4Q)

Unchanged from initial plan (announced April 28)

(100mil. JPY)			
	2Q	FY10	FY09
Net Sales	5,930	13,440	12,108
Operating income	210	800	591
Ordinary income	260	850	589
Net income	220	610	388

(100mil. JPY)			
	2Q	FY10	FY09
Gas Sales	4,840	10,970	10,108
Raw materials and supplies	2,717	6,017	4,925
(Gross Margin)	(2,123)	(4,953)	(5,183)
Personnel expenses	365	744	1,283
General expenses	1,074	2,415	2,325
Depreciation & amortization	528	1,102	1,076
LNG regasification	-16	-31	-32
Total	4,668	10,247	9,577
Installation works	-10	-8	-8
Gas appliances	36	53	44
Other operation income	26	45	35
Supplementary business	12	32	24
Operating income	210	800	591
Non operating income	50	50	-1
Ordinary income	260	850	589
Extraordinary income	35	35	0
Extraordinary loss	0	0	0
Taxes	75	275	200
Net income	220	610	388

Breakdown of gas sales volume (mil. M3)			
	2Q	FY10	FY09
Residential vol. per meter (m3)	144.8	382.3	381.8
Residential	1,271	3,357	3,332
Commercial	924	1,852	1,856
Commercial (Pub. & Medical)	473	929	936
Commercial Total	1,397	2,781	2,792
Industrial	1,014	1,949	1,952
Power Gen.	1,480	3,053	3,000
Other	2,494	5,002	4,952
Industrial Total	3,991	7,783	7,745
Wholesale	997	2,147	2,073
Total	6,160	13,288	13,150
(Large-volume gas demand)	3,170	6,290	6,199

Breakdown of general expenses (100mil. JPY)			
	2Q	FY10	FY09
Repair costs	154	356	356
Expendable costs	61	142	141
Rent	100	199	192
Consignment costs	294	640	603
Taxes	199	414	404
Marketing costs	98	276	244
Others	168	388	385

Economic flame			
	2Q	FY10	FY09
JCC	80.00	80.00	69.38
Ex-rate	95.00	95.00	92.89

Impact of sliding system time lag (100mil. JPY)			
	2Q	FY10	FY09
Revenue from sliding system	-74	10	-74
Increase in gas cost	127	257	-831
Change	-201	-247	57

Change from basic price

Number of Customers (thousands)			
	2Q	FY10	FY09
Number of customers	10,363	10,425	10,340
Number of new customers	62	157	187

<Non-consolidated> Operating Cash Flows & CAPEX

Operating Cash Flow
Results (FY10 1Q & FY09 1Q) 100mil. JPY

	FY10 1Q	FY09 1Q	Change	
Net Income (A)	302	315	-13	-4.1%
Depreciation (B)	267	265	2	0.8%
Operating Cash Flow (A+B)	569	580	-11	-1.9%

Capex
Results (FY10 1Q & FY09 1Q) 100mil. JPY

	Results	FY09 1Q	Change	
Production	14	30	-16	-51.6%
Supply	147	154	-7	-4.1%
Others	22	11	11	99.1%
Total	184	195	-11	-5.6%

Production: LNG tank at Ohgishima LNG terminal -12.
BOG at Negishi LNG terminal -4
Supply: Demand development -8, renewal +1
Others: Other +6, System development +5

FY10 2Q Projections (as of Jul 29 & Apl 28) 100mil. JPY

	29-Jul	28-Apr	Change	
Net Income (A)	220	220	0	0.0%
Depreciation (B)	549	549	0	0.0%
Operating Cash Flow (A+B)	769	769	0	0.0%

FY10 2Q Projections (as of Jul 29 & Apl 28) 100mil. JPY

	29-Jul	28-Apr	Change	
Production	45	45	0	0.0%
Supply	315	315	0	0.0%
Others	61	61	0	0.0%
Total	422	422	0	0.0%

FY10 Full-year Projections (as of Jul 29 & Apl 28) 100mil. JPY

	29-Jul	28-Apr	Change	
Net Income (A)	610	610	0	0.0%
Depreciation (B)	1,146	1,146	0	0.0%
Operating Cash Flow (A+B)	1,756	1,756	0	0.0%

FY10 Full-year Projections (as of Jul 29 & Apl 28) 100mil. JPY

	29-Jul	28-Apr	Change	
Production	109	109	0	0.0%
Supply	710	710	0	0.0%
Others	247	247	0	0.0%
Total	1,066	1,066	0	0.0%

Tokyo Gas Co., Ltd.

< Cautionary Statement regarding Forward-looking Statements >

Statements made in this presentation with respect to Tokyo Gas's present plans, projections, strategies and beliefs, and other statements herein that are not expressions of historical fact are forward-looking statements about the future performance of the Company. As such, they are based on management's assumptions and opinions stemming from currently available information and therefore involve risks and uncertainties. The Company's actual performance may greatly differ from these projections, due to these risks and uncertainties which include without limitation general economic conditions in Japan, changes in the foreign exchange rate of the yen, crude oil prices, and the weather.